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Factors Affecting the SPD's Position in the Recent Local and Municipal Elections

1. The behavior of voters among the displaced persons in the Bavarian local elections on 25 April proved to be rather disappointing for the SPD, since in most cases these groups introduced their own candidates. As Erich Fleischer, publisher of the Munich SPD organ, Das Volk, explained, the Bavarian Socialist leadership succumbs to the illusion that the Sudeten German refugees are mainly in favor of the SPD. Actually, the Antifa supporters--former Sudeten German Social Democrats--constitute only approximately ten percent of the total. Since these were able to flee Czechoslovakia with their goods and belongings, a split has developed between them and the other refugees. In addition, Bavarian farmers in numerous instances have voluntarily placed arable land at the disposal of the refugees--actions which have alleviated the friction between the old and the new inhabitants.

2. If ERP had already been working in Germany at the time of the local and municipal elections in the US Zone, the SPD might have viewed the contests in Bavaria and Hesse more optimistically since it is a party whose traditional measures prosper in economically flourishing periods, but which wins no elections in periods of crisis. At the same time, Export Bonus B, which has been offered by JETIA (Joint Export-Import Agency) for the export-creating industries and their employees, had insufficient time to make its attraction properly felt. Also psychologically important for the SPD was the fact that trade unions may again negotiate wage increases.

SPD Internal Policy Trends

Former members of the ISK (Internationale Sozialistische Kampfbund) are organizing themselves into an articulate faction within the SPD. In Hannover the local clique publishes its own hectographic circular or bulletin.

The KPO (Communist Party Opposition) held a conference at the home of Bertha Thalheimer in Stuttgart-Süd, Wannenstrasse 62, during April; Waldemar Bolze of the Paris SPD branch was to appear at this meeting. Ungerer, a merchant in Mannheim, Kannabicherstrasse 13, officially non-partisan, will seek, with the help of the KPO, to build up an

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independent labor party (Arbeiterpartei). The KPD is expected to pick up dissident Communists in Mannheim as a result of the losses the KPD sustained in the last shop council elections.

5. The Bavarian SPD is moving further away from the federative concepts of the CSU and is accepting more readily the line laid down by Dr. Schumacher. The beginning of April saw the opening in Regensburg of the "Institut International des Sciences Sociales et Politiques", a society which maintains its headquarters at Fribourg. Dr. Wilhelm Högnér and Franz Marx, Secretary of the Munich SPD and a former ISK member, made speeches at Regensburg condemning the opportunism of the Catholic Church which has let it negotiate modi vivendi with the Communist governments of Poland and Czechoslovakia. Waldemar von Knöringen, Bavarian Land Chairman, stated that he was in favor of a European federation, but only so long as it was socialist in substance. In line with the attacks on the Catholic Church, conversations were held on 31 March between the representatives of the Bavarian Evangelical Church and the SPD.
6. Gustav Dahrendorf, Vice President of the bizonal Economic Council, has adopted a number of the ideas expounded by Karl Germer's Sozialistische Union. He deplores the failure of the SPD to organize German youth on a political basis, favors a merger with Jakob Kaiser's wing of the CDU, and wishes to see a simplification of the German party system along Anglo-American lines. Along the latter line, he proposes the enactment of a modified majority electoral law. He criticizes the SPD Vorstand for clinging to the proportional balloting system which artificially strengthens the splinter parties and prevents members of the Vorstand from exerting their full political influence. Erich Ollenhauer considers Dahrendorf an unreliable opportunist.

The SPD and the Economic Council

7. Erich Ollenhauer, Second Chairman of the Vorstand, remarked privately on 13 April 1948 that the SPD would cooperate in the event that the Americans and British decided to set up a provisional western German government. If, in the general elections which would accompany the setting up of the government, the SPD emerged as the strongest party, the Vorstand would agree to set up a coalition. If the SPD failed to gain a plurality, the party would still not be averse to entering a western German government as a partner providing the sovereignty of this government vis-a-vis the occupying powers was guaranteed. Ollenhauer remarked that SPD participation would, however, be provisional: there could be no flirting with the CSU concept of a "Ständestaat"—a state built up on rigid class or caste lines—or with the peculiar Communist brand of democracy. In the economic field, the demands for socialization and land reform would be maintained since they were fundamental to the party.
8. The SPD policy of opposition within the bizonal Economic Council was the subject of heated discussion at a meeting at Hagen on 3 April between the SPD fraction of the North Rhine-Westphalian Landtag and the SPD delegates to the Council. Dr. Georg Berger, representative of the Economic Council and legal advisor of the Mining Trades Union (Industrie Gewerkschaft Bergbau) launched a strong attack on Dr. Schumacher. He insinuated that the official policy of refusing to enter a coalition had been framed by Schumacher at a time when he was very ill and not in complete possession of his mental faculties. Berger went on to express the threat that if the Vorstand continued to pursue this policy, the party would be faced with defeat in the next North Rhine-Westphalian elections. He expressed his resentment of the Vorstand's interference in the business of the Economic Council—an interference which only succeeded (as in the Reimann affair) in splitting the SPD fraction at Frankfurt. Fritz Henssler, Chairman of the North Rhine-Westphalian Landtag fraction, attempted to placate Berger and spoke of the services Schumacher had rendered the SPD in keeping the party together.

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9. Hennisler nevertheless conveyed Berger's opinions to the Vorstand meeting which was held on 8-9 April. Schumacher was absent because of illness. Fritz Heine countered with a sharp attack against the attitude of "panic and desertion" prevailing among certain members of the Economic Council fraction. Ollenhauer entered the discussion to emphasize the fact that the Economic Council's SPD fraction, being the party's only supra-zonal parliamentary delegation, had of necessity to represent the position of the SPD as a whole. He went on to cite as a precedent the habit of the pre-1933 Reichstag fraction always to follow the lines laid down by the Vorstand. Ollenhauer reiterated these arguments at a meeting of the Economic Council fraction in Frankfurt on 12 April, and apparently managed to still the opposition. In a conversation with Gustav Dahrendorf early in March he had managed to convince this key figure of the correctness of the Vorstand's stand.
10. The prospect of the SPD's entering a coalition remains alluring to many elements within the party for a number of reasons. Dr. Georg Berger, for instance, would like very much to replace Dr. Hartmann as director of the Finance Office, while Albin Karl of the DGB has visions of controlling for the unions the Office for Labor Administration.

Analysis of SPD Leadership

11. Dr. Schumacher's critical illness has caused much concern within the party, which, despite outbursts from Dr. Berger and other trade union autonomists, still considers his leadership indispensable. The rank-and-file has a profound sentimental attachment for him: his portrait was featured on all SPD propaganda posters in Hesse. Ollenhauer is much esteemed within the party but his influence cannot be compared with that of his chief. He is at the moment extremely overworked, and must cope with international as well as domestic commitments: he was expected to attend conferences in France, Switzerland, and Sweden during April and May. Ollenhauer would probably succeed Schumacher in the event of the latter's death. A small group of former ISK members might attempt to nominate Willi Eichler, but there is little likelihood that their efforts would meet with success.
12. The lack of real leadership material within the SPD is acute. To offset the dreary mediocrity of the old-time party regulars, Schumacher followed a policy of placing many of the younger dissident faction chiefs in responsible positions. This served to channel their ambitions along lines within the party framework, kept the groups from bolting the organization, and created an atmosphere of competitive responsibility. These men (von Knörringen, Erwin Schöttle, Herbert Kriedemann, Willi Eichler, etc.) are not, however, leaders of the first magnitude. The Länder parliaments also afford little in the way of leadership material. Dr. Wilhelm Högner's star is beginning to rise in Bavaria again, and it is possible that he has foresworn his federalistic ideas and will work within the party framework. He is currently agitating for a new general election which might result in the formation of a coalition government and a seat for him in the cabinet. Högner is in no way a leader of national stature, however.
13. The opening of the lists for the selection of SPD candidates for the recent elections in the US Zone precipitated a series of violent squabbles within the party. The rivalry between factions was so intense that observers marvelled at the fact that the

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party's foundations were firm enough to survive internecine battles of such ferocity. The basic solidarity of the SPD is defended by most party members, from the highest official down to the lowest neighborhood functionary. Members of competing factions are always quick to affirm their basic faith in the SPD and make fervent protestations of loyalty. Despite all controversies, decisions are always reached after full debate and by democratic means, and these fundamental decisions, as handed down by the Vorstand, are generally faithfully observed by the local units.

14. Dr. Harald Koch, the Hessian Minister of Economics, may someday play a major role in the SPD. He is the only German economics minister who has managed to pursue a consistent program and still attract the confidence and affection of the working class.
15. Gustav Dahrendorf is in the process of deciding whether to remain with the Economic Council or to devote all his energies to the consumers' cooperative movement. He could, as the successor of Dr. Everling, become the chief of the Grosseinkaufsgenossenschaft (Cooperative Wholesale Purchasing Agency). In order to safeguard the interests of the CEO, he would, of course, keep in close touch with the Economic Council and the SPD. Informed observers believe that Dahrendorf will continue to play a major role in SPD politics.
16. Fritz Heine believes that, in the event of the establishment of a Western German Government, some of the ministerial posts may be filled by persons at present holding cabinet positions within the Länder. The central government would eclipse the Länder to some extent, and the ministers would not be loath to give up their provincial assignments for seats in the larger cabinet. Erich Ollenhauer has said that in controversies over the selection of candidates for cabinet positions, the question of principle would outweigh that of personality. He believes that a peaceful Germany could quite readily be built up by personally-colorless politicians so long as they knew what they were doing. Gustav Dahrendorf believes that Werner Jacobi, who has distinguished himself in exposing political corruption in North-Rhine-Westphalia, would make a good Minister of the Interior for a western German government. Some people consider Jacobi an ambitious opportunist, but he is quite popular within the party.
17. Ollenhauer avers that Carlo Schmid of Württemberg is destined for the post of Foreign Minister although there is at present no general opinion current, pro or con, concerning his candidacy. Schumacher thinks well of him, and his speeches at the last party congress at Nuernberg made a favorable impression. Schmid is the author of the "Occupation Statute" (Besatzungs-statut).
18. It is unlikely that Dr. Gerhard Luetgens has any prospects of playing a major role in the field of foreign affairs. Dahrendorf characterizes him as "a tired man" who feels ill at ease in the hectic atmosphere of the Hannover party headquarters. Luetgens belonged to the Mierendorf and Haubach circles.
19. One of the few Bezirk functionaries who currently shows political promise is Ernst Schumacher of Fuerzburg, SPD secretary for Lower Franconia. He spent his years of exile in Bolivia. He is something of a go-getter and occasionally demonstrates insufficient tact in his dealings with middle-grade functionaries.

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CONFIDENTIALThe SPD and the Labor Unions

20. Dr. Viktor Agartz' Wirtschaftspolitische Institut continued its operations during March. 25X1A
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 page 5, for a description of this organization.) When the SPD fraction in the Economic Council nominated Dr. Paul Bleiss for a seat on the Committee for the Study of the Steel Industry, Agartz hurried to Frankfurt to ask Herbert Kriedemann to block the appointment and to nominate a member of the Institut's group in his place. Kriedemann refused, although the SPD fraction is dubious of Bleiss' ability to stand up against Dr. Hermann Reusch, the CDU nominee, a powerful and influential figure in the steel industry. Significant, at any rate, is Agartz' intervention in the matter. According to Dr. Robert Pferdemenges, Agartz told the former that he had resigned from the Economic Council because he "had no wish to be a Quisling".
21. The SPD Vorstand will, if the opportunity presents itself, support Ludwig Rosenberg for the post of Secretary General of the combined bizonal labor unions. Such a confederation of the unions is expected to be organized sometime during 1948. Rosenberg is the founder of the Economic Chambers (Wirtschaftskammern) which are to serve in place of the former Chambers of Industry and Trade (Industrie- und Handelskammern). He is opposed to the policies of Fritz Tarnow. In the event of a union of the bizonal labor unions, Dr. Gerhard Kreyssig will probably take over the post of chief editor of the powerful Düsseldorf journal, Der Bund.
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22. Ludwig Rosenberg was responsible for procuring Hans Gottfurcht's appointment as the German Trade Union Federation's (Deutsche Gewerkschaftsbund) delegate to the London Trade Union Conference in March 1948. The Vorstand is annoyed at the fact that Gottfurcht has retained his British citizenship.

Connections between the SPD and other Parties and Groups in Germany and Abroad

23. Although the SPD generally eschews all official ties or binding contracts with other parties, this rule was stretched during the local election campaigns in Bavaria to allow SPD candidates in the smaller localities to enter joint lists with the CSU. No such arrangements were made with the KPD, however, although strictly unofficial truces were probably arranged with KPD groups in certain communities so that the SPD candidates would be spared the rigors of a three-front campaign.
24. No pro-Communist tendencies were observed among SPD candidates in the course of the Bavarian and Hessian elections. The Württemberg-Baden mayoralty election results evidently drove home the point that it was politically suicidal to enlist an/or obtain Communist support. Furthermore, the SPD forbade the candidacy of anyone who had taken part in the Berlin People's Congress.
25. The increasingly intimate liaison which has been established between the Socialist parties of western Europe does not preclude the existence of certain areas of disagreement between the SPD and the French Socialists--particularly over the question of the internationalization of the Ruhr. In this connection it must be noted that Gustav Dahrendorf has, in his position as Vice President of the Economic Council, attended a number of conferences with the

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French (Messrs. Lallois and Ceraud Jouve, among others) concerning the Ruhr. The SPD Vorstand strongly disapproves of Dahrendorf's actions in view of the fact that he failed to solicit prior clearance from Hannover before engaging in the discussions. Dr. Schumacher is the only person authorized to speak for the SPD as a whole. The French have evidently discovered the fact that Dahrendorf is poorly informed on the Ruhr question and is inclined to become emotionally involved in controversies.

26. The SPD Vorstand is in favor of establishing closer relations with Czech emigre Socialists despite protests to the contrary on the part of Sudeten German Socialists. The Vorstand has delegated Hans Hermsdorf to establish liaison with Czech Socialist functionaries. He has already visited the Moschendorf DP camp with this purpose in mind.
27. The "Imshausen clique" was to hold a conference in May 1948, and published a program naming prominent SPD officials like Heine, Dahrendorf, and Eichler as scheduled participants. It is unlikely that they attended the conference. It is believed that Trott zu Solz and Dr. Hugo Buschmann, an eastern zone SPD refugee, are the leading figures of the clique.

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